



January 30, 2015

Mr. Rich Wysocki
Principal Cost Analyst
Office of CON & Rate Setting
State of Connecticut
Department of Social Services
25 Sigourney Street
Hartford, CT 06106-5033

Dear Rich:

Attached is an electronic copy of Seabury At Home's Annual Filing along with a copy of our Disclosure Statement, as required by Section 17B-528 of Connecticut General Statutes.

The changes in Seabury At Home's 2015 Disclosure Statement incorporate the following:

The Board of Directors' term limits initiated several changes in membership, and they have been reflected in **Section II Officers and Directors** on pages 2-4.

Section VI Description of Property on page 6 has been revised to show a decrease in the number of apartments from 156 to 154 and a decrease in the number of cottages from 35 to 34. On page 7, a more complete description has been added detailing the three phases of Seabury's Strategic Repositioning Plan.

Section XVII Membership Fees & Periodic Changes set forth in **Exhibit D** has been revised.

Section XVIII Prepaid Obligations, Actuarial Value has been revised.

Section XIX Department of Social Services Filings has been revised.

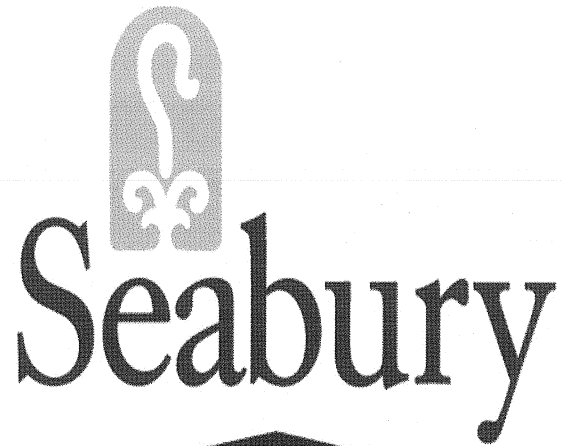
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website: www.seaburyretirement.com email: info@seaburyretirement.com

An Active Life Care Community



International
Council on
Active Aging





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Annual Filing

Fiscal Year End
2015

**SEABURY AT HOME
2015 ANNUAL FINANCIAL FILING
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Platinum Plan

90% Refundable Option

100% Coverage of both Home and Facility Based Care

(Assisted Living and Skilled Nursing)

\$441 Single Monthly Fee

<u>Age</u>	<u>Membership Fee</u>	<u>Age</u>	<u>Membership Fee</u>
50	\$43,787	71	\$97,018
51	\$44,512	72	\$101,550
52	\$45,237	73	\$106,082
53	\$45,962	74	\$110,615
54	\$46,687	75	\$115,147
55	\$47,413	76	\$121,022
56	\$49,407	77	\$126,897
57	\$51,401	78	\$132,772
58	\$53,395	79	\$138,648
59	\$55,389	80	\$144,523
60	\$57,791	81	\$152,969
61	\$61,054	82	\$161,414
62	\$64,315	83	\$169,860
63	\$67,578	84	\$178,305
64	\$70,841	85	\$186,752
65	\$74,104	86	\$197,265
66	\$77,779	87	\$207,779
67	\$81,456	88	\$218,791
68	\$86,153	89	\$230,387
69	\$88,809		
70	\$92,486		

*This plan ends at 89 – Please see other plans.



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Gold Plan

2% Declining Refund Option

100% Coverage of both Home and Facility Based Care

(Assisted Living and Skilled Nursing)

\$441 Single Monthly Fee

<u>Age</u>	<u>Membership Fee</u>	<u>Age</u>	<u>Membership Fee</u>
50	\$21,027	71	\$54,703
51	\$22,769	72	\$56,060
52	\$24,512	73	\$57,417
53	\$26,254	74	\$58,773
54	\$27,996	75	\$60,130
55	\$29,738	76	\$61,588
56	\$31,480	77	\$63,043
57	\$33,222	78	\$64,501
58	\$34,965	79	\$65,957
59	\$36,707	80	\$67,414
60	\$38,449	81	\$69,486
61	\$40,022	82	\$71,559
62	\$41,598	83	\$73,631
63	\$43,172	84	\$75,703
64	\$44,745	85	\$77,776
65	\$46,319	86	\$80,247
66	\$47,724	87	\$82,719
67	\$49,129	88	\$85,282
68	\$50,534	89	\$87,927
69	\$51,940	90	\$90,566
70	\$53,345		

*Individuals 91 and over will have a Membership Fee based on age 90.

Gold Plus Plan

2% Declining Refund Option

100% Coverage of both Home and Facility Based Care
(Assisted Living and Skilled Nursing)

<u>Age</u>	<u>Membership Fee</u>	<u>Age</u>	<u>Membership Fee</u>
50	\$21,027	71	\$54,703
51	\$22,769	72	\$56,060
52	\$24,512	73	\$57,417
53	\$26,254	74	\$58,773
54	\$27,996	75	\$60,130
55	\$29,738	76	\$61,588
56	\$31,480	77	\$63,043
57	\$33,222	78	\$64,501
58	\$34,965	79	\$65,957
59	\$36,707	80	\$67,414
60	\$38,449	81	\$69,486
61	\$40,022	82	\$71,559
62	\$41,598	83	\$73,631
63	\$43,172	84	\$75,703
64	\$44,745	85	\$77,776
65	\$46,319	86	\$80,247
66	\$47,724	87	\$82,719
67	\$49,129	88	\$85,282
68	\$50,534	89	\$87,927
69	\$51,940	90	\$90,566
70	\$53,345		

The discounted monthly fee varies depending on the long-term care insurance policy maintained by the member.

A Gold ^{Plus} member must maintain a long-term care insurance policy that meets Program Criteria in exchange for a discounted monthly fee. A change from the Gold ^{Plus} Plan to the Gold Plan, at any time, will necessitate additional fees, based on the difference between the discounted monthly fee and the current monthly fee for the Gold Plan. These fees will be retroactive from the "Membership Date". As a Gold ^{Plus} member, if you receive Home and/or Facility Based services, Seabury At Home will pay the difference between the per day cost of services and the covered amount you are eligible for under your long term care policy.

*Individuals 91 and over will have a Membership Fee based on age 90.

Silver Plan

2% Declining Refund Option
 30% Co-Pay of both Home and Facility Based Care
 (Assisted Living and Skilled Nursing)
 \$386 Single Monthly Fee

<u>Age</u>	<u>Membership Fee</u>	<u>Age</u>	<u>Membership Fee</u>
50	\$14,961	71	\$37,861
51	\$16,033	72	\$38,817
52	\$17,105	73	\$39,774
53	\$18,177	74	\$40,730
54	\$19,249	75	\$41,685
55	\$20,321	76	\$42,710
56	\$21,543	77	\$43,736
57	\$22,765	78	\$44,760
58	\$23,987	79	\$45,785
59	\$25,209	80	\$46,810
60	\$26,431	81	\$48,263
61	\$27,536	82	\$49,715
62	\$28,643	83	\$51,167
63	\$29,748	84	\$52,621
64	\$30,852	85	\$54,071
65	\$31,958	86	\$55,803
66	\$32,947	87	\$57,532
67	\$33,936	88	\$59,316
68	\$34,925	89	\$61,156
69	\$35,915	90	\$63,050
70	\$36,905		

*Individuals 91 and over will have a Membership Fee based on age 90.

Sterling Plan

2% Declining Refund Option
100% Coverage Home Based Care
\$318 Single Monthly Fee

<u>Age</u>	<u>Membership Fee</u>	<u>Age</u>	<u>Membership Fee</u>
50	\$3,984	71	\$22,411
51	\$4,494	72	\$23,620
52	\$5,004	73	\$24,829
53	\$5,514	74	\$26,039
54	\$6,024	75	\$27,247
55	\$6,534	76	\$28,361
56	\$7,044	77	\$29,474
57	\$7,554	78	\$30,587
58	\$8,064	79	\$31,700
59	\$8,574	80	\$32,814
60	\$9,084	81	\$33,816
61	\$10,284	82	\$34,818
62	\$11,482	83	\$35,820
63	\$12,682	84	\$36,822
64	\$13,880	85	\$37,824
65	\$15,079	86	\$38,656
66	\$16,303	87	\$39,487
67	\$17,528	88	\$40,320
68	\$18,754	89	\$41,152
69	\$19,979	90	\$41,983
70	\$21,204		

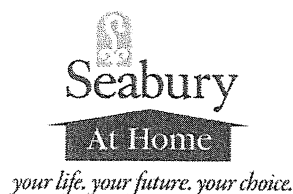
*Individuals 91 and over will have a Membership Fee based on age 90.

Copper Plan

2% Declining Refund Option
50% Co-Pay of Home Based Care
\$249 Single Monthly Fee

<u>Age</u>	<u>Membership Fee</u>	<u>Age</u>	<u>Membership Fee</u>
50	\$3,616	71	\$13,338
51	\$4,024	72	\$13,850
52	\$4,432	73	\$14,362
53	\$4,840	74	\$14,873
54	\$5,248	75	\$15,385
55	\$5,656	76	\$15,854
56	\$6,064	77	\$16,324
57	\$6,472	78	\$16,792
58	\$6,880	79	\$17,261
59	\$7,288	80	\$17,731
60	\$7,696	81	\$18,153
61	\$8,204	82	\$18,575
62	\$8,710	83	\$18,998
63	\$9,218	84	\$19,420
64	\$9,725	85	\$19,842
65	\$10,233	86	\$20,198
66	\$10,752	87	\$20,552
67	\$11,270	88	\$20,907
68	\$11,789	89	\$21,262
69	\$12,308	90	\$21,616
70	\$12,828		

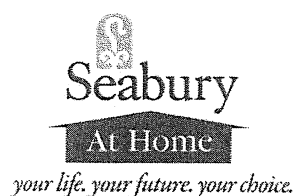
*Individuals 91 and over will have a Membership Fee based on age 90.



TitaniumCARE Plan
 2% Declining Refund Option
 100% Coverage of Facility Based Care
 (Assisted Living and Skilled Nursing)
 \$400 Single Monthly Fee

<u>Age</u>	<u>Membership Fee</u>	<u>Age</u>	<u>Membership Fee</u>
50	\$20,000	71	\$23,263
51	\$20,211	72	\$23,368
52	\$20,421	73	\$23,474
53	\$20,632	74	\$23,579
54	\$20,842	75	\$23,684
55	\$21,053	76	\$23,789
56	\$21,263	77	\$23,895
57	\$21,474	78	\$24,000
58	\$21,684	79	\$24,105
59	\$21,895	80	\$24,211
60	\$22,105	81	\$24,897
61	\$22,211	82	\$25,584
62	\$22,316	83	\$26,271
63	\$22,421	84	\$26,958
64	\$22,526	85	\$27,645
65	\$22,632	86	\$27,930
66	\$22,737	87	\$28,215
67	\$22,842	88	\$28,500
68	\$22,947	89	\$28,785
69	\$23,053	90	\$29,070
70	\$23,158		

*Individuals 91 and over will have a Membership Fee based on age 90.

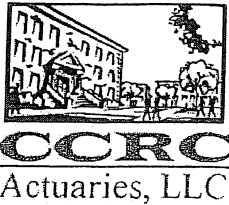


Titanium Plan

2% Declining Refund Option
(\$150 Cap on Assisted Living/Memory Care)
(\$300 Cap on Skilled Nursing)
\$400 Single Monthly Fee

<u>Age</u>	<u>Membership Fee</u>	<u>Age</u>	<u>Membership Fee</u>
50	\$15,200	71	\$17,680
51	\$15,360	72	\$17,760
52	\$15,520	73	\$17,840
53	\$15,680	74	\$17,920
54	\$15,840	75	\$18,000
55	\$16,000	76	\$18,080
56	\$16,160	77	\$18,160
57	\$16,320	78	\$18,240
58	\$16,480	79	\$18,320
59	\$16,640	80	\$18,400
60	\$16,800	81	\$18,891
61	\$16,880	82	\$19,382
62	\$16,960	83	\$19,873
63	\$17,040	84	\$20,364
64	\$17,120	85	\$20,855
65	\$17,200	86	\$21,070
66	\$17,280	87	\$21,285
67	\$17,360	88	\$21,500
68	\$17,440	89	\$21,715
69	\$17,520	90	\$21,930
70	\$17,600		

*Individuals 91 and over will have a Membership Fee based on age 90.



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Seabury at Home

Statement of Actuarial Opinion November 21, 2014

I, Dave Bond, am a Fellow of the Society of Actuaries, a member of the American Academy of Actuaries, the Managing Partner in the firm CCRC Actuaries, LLC, and I meet the qualification standards to render Statements of Actuarial Opinion for continuing care retirement communities. I have been retained by Seabury at Home to render a Statement of Actuarial Opinion, in accordance with Section 17b-527 of the Regulations implementing the Continuing Care Statutes, regarding the following actuarial projections included in Seabury at Home's 2014 Annual Financial Filing:

- Exhibit I Contract Termination Rates
- Exhibit II Average Age of Members
- Exhibit III Health Care Utilization Rates
- Exhibit IV Occupancy Rates
- Exhibit V Number of Health Care Admissions
- Exhibit VI Days of Care
- Exhibit VII Number of Permanent Transfers

I have examined the above items as shown in Seabury at Home's Annual Financial Filing. These items are attached to this Statement of Actuarial Opinion. In the course of my review, I relied upon the accuracy and completeness of data and supporting documentation prepared by Seabury at Home. In the course of my examination, nothing came to my attention that causes me to believe that the underlying data information is unreasonable or inappropriate. My examination included such review as I considered necessary of the data, methods, and underlying assumptions used by and the resulting actuarial projections reported by Seabury at Home with respect to the above items as shown in Seabury at Home's 2014 Annual Financial Filing.

In my opinion, the above items as shown in Seabury at Home's 2014 Annual Financial Filing:

- are based upon methods which are consistent with sound actuarial principles and practices; and
- are based upon methods and underlying assumptions that appear reasonable and appropriate in this instance.

Should you have any questions or concerns regarding this information, please do not hesitate to contact our offices.

Respectfully,

Dave Bond, F.S.A., M.A.A.A.
Managing Partner
dave.bond@ccrcactuaries.com

Contract Termination Rates

The home contract release rates for the most recently completed fiscal year, and anticipated for the next five years, are as follows:

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
18.6%	2.5%	4.2%	4.7%	5.1%	5.5%

Average Age of Members

The projected average age for the next five years for members in their homes is as follows:

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
79	80	80	81	81

Health Care Utilization Rates

Health care utilization rates, including admission rates and days per 100 members by level of care for the most recently completed fiscal year, and anticipated for the next five years, are as follows:

Skilled Nursing Facility					
Year	Utilization Rate		Admission Rate		Days per 100 Members
	Patients	%	Patients	%	
2014	2.0	1.6%	3.0	2.4%	591
2015	2.6	1.7%	3.6	2.4%	626
2016	4.1	2.3%	5.2	3.0%	843
2017	5.9	2.8%	6.6	3.3%	1,033
2018	7.4	3.2%	7.8	3.5%	1,161
2019	8.8	3.5%	9.0	3.7%	1,263

Assisted Living Units					
Year	Utilization Rate		Admission Rate		Days per 100 Members
	Patients	%	Patients	%	
2014	0.0	0.0%	0.0	0.0%	0
2015	0.7	0.4%	1.5	1.0%	164
2016	2.5	1.4%	3.2	1.8%	500
2017	4.5	2.2%	3.8	1.9%	794
2018	6.2	2.7%	4.5	2.0%	981
2019	7.7	3.0%	5.2	2.1%	1,108

Occupancy Rates

Occupancy rates for indepented living units for the most recently completed fiscal year, and anticipated for the next five years, are as follows:

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
N/A	N/A	N/A	N/A	N/A	N/A

Number of Health Care Admissions

The number of health care admissions, by level of care, for the most recently completed fiscal year, and anticipated for the next five years, are as follows:

<u>Year</u>	<u>Skilled Nursing</u>	<u>Assisted Living</u>
2014	3.0	0.0
2015	3.6	1.5
2016	5.2	3.2
2017	6.6	3.8
2018	7.8	4.5
2019	9.0	5.2

Days of Care

The number of days of care, by level of care, for the most recently completed fiscal year, and anticipated for the next five years, are as follows:

<u>Year</u>	<u>Skilled Nursing</u>	<u>Assisted Living</u>
2014	730	0
2015	933	244
2016	1,514	897
2017	2,137	1,644
2018	2,696	2,277
2019	3,224	2,829

Number of Permanent Transfers

The number of permanent transfers to the skilled nursing or assisted living facility for the most recently completed fiscal year are:

<u>Facility transferred to:</u>	<u>Transferring from:</u>		<u>Total</u>
	<u>Member Home</u>	<u>Assisted Living</u>	
Skilled Nursing	0	0	0
Assisted Living	0	N/A	0

Seabury at Home
Calculation of Prepaid Health Care Obligation

As of September 30, 2014

Present Value of Health Care Operating Expenses	\$11,877,741
Present Value of Health Care Capital Expenses	<u>169,376</u>
Total Health Care Expenses	\$12,047,117
 Present Value of Health Care Revenue	 \$7,467,885
 Total Health Care Expenses	 \$12,047,117
Less Health Care Revenue	<u>7,467,885</u>
Total Prepaid Health Care Obligation	\$4,579,232
 Total Number of at Home Members as of September 30, 2013	 114
Total Health Care Obligation per Member	\$40,169

Seabury at Home

Allocation of Depreciation and Capital Expense to Health Care Residents

Fiscal Year	Depreciation & Capital Expense	Present Value of Depreciation & Capital Expense Allocated to Health Care
2014	\$35,097	\$35,097
2015	27,937	26,481
2016	22,418	20,142
2017	18,457	15,718
2018	15,464	12,483
2019	13,107	10,029
2020	11,474	8,322
2021	10,353	7,117
2022	9,349	6,092
2023	8,387	5,180
2024	7,469	4,372
2025	6,596	3,660
2026	5,773	3,036
2027	5,005	2,495
2028	4,298	2,031
2029	3,654	1,637
2030	3,077	1,306
2031	2,565	1,032
2032	2,115	807
2033	1,725	624
2034	1,390	477
2035	1,106	359
2036	868	267
2037	672	196
2038	512	142
2039	384	101
2040	284	71
2041	206	49
2042	146	33
2043	103	22
Total	<u>219,992</u>	<u>169,376</u>

SEABURY AT HOME, INCORPORATED
2015 SOURCES & USE OF FUNDS

Seabury At Home's operating budget projects revenues of \$1,194,726, with expenses of \$1,068,811 and capital expenditures of \$10,390, for excess revenues over disbursements of \$115,525. The projected membership growth rate is a conservative 2.5 new members per month for 30 new members, and a total by year end of 156 members. Seabury At Home has several membership plans, and the projected breakdown is as follows: 3 Platinum, 11 Gold, and 16 Gold Plus.

Seabury At Home Incorporated
Forecasted Statements of Cash Flow
For the Years Ending September 30, 2015 - 2019

1/24/2015

	<u>BUDGET 9/30/15</u>	<u>FYE 9/30/16</u>	<u>FYE 9/30/17</u>	<u>FYE 9/30/18</u>	<u>FYE 9/30/19</u>
Net Income (Loss)	125,915	150,324	234,241	199,857	237,823
Adjustments:					
Depreciation	39,344	38,495	38,204	38,204	38,204
Earned Membership Fees	(262,045)	(357,666)	(416,577)	(476,088)	(535,599)
Membership Fees Received	2,144,000	2,230,000	2,319,000	2,412,000	2,508,000
Membership Fees Refunded	(1,122,328)	(1,140,328)	(1,153,328)	(1,164,328)	(1,172,328)
Changes in Current Liabilities	(634,047)	20,046	9,886	20,259	14,948
Changes in Current Assets	(55,701)	(57,371)	(59,093)	(60,866)	(62,691)
Net Cash Provided from Operating Activities	235,138	883,500	972,333	969,038	1,028,357
Cash Flow from Investing Activities:					
Capital Improvements and Equipment	(10,390)				
Net Cash Used in Investing Activities	(10,390)				
Cash Flow from Financing Activities:					
Loan Payable to Seabury					-37,875
Repayment of Loan to CHHI Endowment	(95,828)	(62,958)	(75,162)	(117,121)	(62,054)
Net Cash Used in Financing Activities	(95,828)	(62,958)	(75,162)	(117,121)	(99,929)
Miscellaneous Adjustment	(849)	(291)	1	0	(1)
Annual Cash Flow	128,071	820,251	897,172	851,917	928,427
Cash Beginning of Year	6,881,779	7,009,850	7,830,101	8,727,273	9,579,190
Cash End of Year	7,009,850	7,830,101	8,727,273	9,579,190	10,507,617

Seabury At Home Incorporated
Forecasted Balance Sheets
For the Years Ending September 30, 2015 - 2019

	<u>BUDGET 9/30/15</u>	<u>FYE 9/30/16</u>	<u>FYE 9/30/17</u>	<u>FYE 9/30/18</u>	<u>FYE 9/30/19</u>
Assets					
Current Assets:					
Cash	7,009,850	7,830,101	8,727,273	9,579,190	10,507,617
Accounts Receivable	1,753,304	1,805,903	1,860,080	1,915,883	1,973,359
Prepaid Expenses	159,087	163,859	168,775	173,838	179,053
Total Current Assets	8,922,241	9,799,863	10,756,128	11,668,911	12,660,029
Property, Plant and Equipment, Net	667,903	629,699	591,495	553,291	515,087
Total Assets	9,590,144	10,429,562	11,347,623	12,222,202	13,175,116
Liabilities and Fund Balance					
Accounts Payable	85,789	105,835	115,721	135,980	150,928
Deferred Membership Fees	8,199,015	8,931,021	9,680,116	10,451,700	11,251,773
Loan Payable to CHHI Endowment	317,295	254,337	179,175	62,054	0
Loan Payable to Seabury	1,248,370	1,248,370	1,248,370	1,248,370	1,210,495
Total Loans Payable	1,565,665	1,502,707	1,427,545	1,310,424	1,210,495
Fund Balance	(260,325)	(110,001)	124,241	324,098	561,920
Total Liabilities and Fund Balance	9,590,144	10,429,562	11,347,623	12,222,202	13,175,116

Seabury At Home Incorporated
Forecasted Income Statements
For the Years Ending September 30, 2015 - 2019

1/24/20 15

	<u>BUDGET 9/30/15</u>	<u>FYE 9/30/16</u>	<u>FYE 9/30/17</u>	<u>FYE 9/30/18</u>	<u>FYE 9/30/19</u>
Revenue:					
Monthly Fees	496,031	613,094	736,735	867,242	1,004,917
Admission Evaluations	4,500	4,500	4,500	4,500	4,500
Interest Income	637	21,950	24,865	27,984	31,323
Wellness Pass	3,180	3,275	3,374	3,474	3,579
Long Term Care Insurance	0	15,848	15,848	15,848	15,848
Earned Member Fees	262,045	357,666	416,577	476,088	535,599
Leased Rental Income	19,481	19,481	19,481	19,481	19,481
Life Line	10,404	12,630	17,004	19,818	23,470
Private Duty Nursing	21,514	22,159	22,824	23,509	24,214
Private Duty Personal Care	376,886	388,193	399,838	411,834	424,189
Finance Charges on Unpaid Balances	<u>48</u>	<u>48</u>	<u>48</u>	<u>48</u>	<u>48</u>
Total Revenue	1,194,726	1,458,844	1,661,095	1,869,826	2,087,168
Expenses:					
Seabury Contracted Services	559,218	570,402	581,810	661,006	674,226
Marketing/Public Relations	153,737	158,349	163,100	167,993	173,032
Emergency Response	0	8,000	12,000	16,000	20,000
Skilled Nursing Permanent Care	173,602	248,251	245,000	317,000	390,000
Home Health Care	2,000	2,060	2,122	2,185	2,251
Skilled Nursing Temporary Care	0	18,750	26,750	35,500	44,500
Delivered Meals	250	1,000	1,000	2,000	3,000
Assisted Living Temporary Care	0	18,250	26,000	35,500	42,750
Repairs to Building	3,500	3,605	3,713	3,825	3,939
Live In	0	90,500	164,250	217,250	272,250
Exterminations	1,078	1,110	1,144	1,178	1,213
Companions	0	7,500	10,750	14,250	17,750
Trash Removal	1,520	1,566	1,613	1,661	1,711
Snow Removal	5,000	5,150	5,305	5,464	5,628
Contract Lawn Service	2,514	2,589	2,667	2,747	2,830
Contract Maintenance Service	500	515	530	546	563
Maintenance Supplies	500	515	530	546	563
Contract Housekeeping SVC	600	618	637	656	675
Housekeeping Supplies	300	309	318	328	338
Electricity	4,000	4,120	4,244	4,371	4,502
Fuel Oil	3,000	3,090	3,183	3,278	3,377
Corporate Insurance - General	18,192	18,738	19,300	19,879	20,475
Depreciation	39,344	38,495	38,204	38,204	38,204
Real Estate Taxes	11,198	11,534	11,880	12,236	12,603
Accounting/Audit	6,250	6,438	6,631	6,830	7,034
Printing	3,300	3,399	3,501	3,606	3,714
Education/Training	2,845	2,930	3,018	3,109	3,202
Travel	10,000	10,300	10,609	10,927	11,255
Dues/Licenses/Fees	16,015	16,495	16,990	17,500	18,025
Postage	1,500	1,545	1,591	1,639	1,688
Office Supplies	5,050	5,202	5,358	5,518	5,684
Dining/Catering	2,780	2,863	2,949	3,038	3,129
Physician Fees	4,500	4,500	4,500	4,500	4,500
Cell Phones	5,540	5,706	5,877	6,054	6,235
Life Line	12,060	14,640	19,710	22,973	27,206
Transportation	1,000	1,030	1,061	1,093	1,126
Data Processing	5,120	5,274	5,432	5,595	5,763
Equipment Rental	4,080	4,202	4,328	4,458	4,592
Water/Sewer	285	294	302	311	321
Employee Recruiting	1,750	1,803	1,857	1,912	1,970
Uniforms	480	494	509	525	540
Medical Supplies	703	724	746	768	791
Member Social Events	2,500	2575	2652	2732	2814
Gas	<u>3,000</u>	<u>3090</u>	<u>3183</u>	<u>3278</u>	<u>3377</u>
Total Expenses	1,068,811	1,308,520	1,426,853	1,669,968	1,849,345
Net Profit (Loss) from Operations	125,915	150,324	234,241	199,857	237,823
Fund Balance, Beginning of Year	(386,240)	(260,325)	(110,001)	124,241	324,098
Fund Balance , End of Year	(260,325)	(110,001)	124,241	324,098	561,920

Seabury At Home Incorporated
Growth Rate Assumptions
For the Years Ending September 30, 2015 - 2019

1/24/2015

	<u>BUDGET 9/30/15</u>	<u>FYE 9/30/16</u>	<u>FYE 9/30/17</u>	<u>FYE 9/30/18</u>	<u>FYE 9/30/19</u>
Monthly Fees Increase	2%	3%	3%	3%	3%
Additional Annual Members	30	30	30	30	30
Membership Fees Increase	2%	2%	2%	2%	2%
Interest Income	0.1%	0.25%	0.25%	0.25%	0.25%
Private Duty Nursing	0%	3%	3%	3%	3%
Private Duty Personal Care	0%	3%	3%	3%	3%
Salaries Expenses Increase	2%	2%	2%	2%	2%
Skilled Nursing Permanent Care Expense Increase	4%	4%	4%	4%	4%
Other Expenses Increase	3%	3%	3%	3%	3%
Additional Personal Care Coordinators	0.5			1	

**CHURCH HOME OF HARTFORD
INCORPORATED AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2014 AND 2013

**CHURCH HOME OF HARTFORD INCORPORATED
AND SUBSIDIARIES**

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Independent Auditors' Report

To the Board of Directors
Church Home of Hartford Incorporated and Subsidiaries

We have audited the accompanying consolidated financial statements of Church Home of Hartford Incorporated, which comprise the consolidated statements of financial position as of September 30, 2014 and 2013, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Church Home of Hartford Incorporated and Subsidiaries as of September 30, 2014 and 2013, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, Church Home of Hartford Incorporated and Subsidiaries has retrospectively applied the provisions of Accounting Standards Update No. 2012-01, *Continuing Care Retirement Communities - Refundable Advance Fees*. Our opinion is not modified with respect to that matter.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
January 2, 2015

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2014 AND 2013

ASSETS			LIABILITIES AND NET ASSETS			
	2014	As Adjusted (Note 2) 2013		2014	As Adjusted (Note 2) 2013	
Current Assets			Current Liabilities			
Cash and cash equivalents	\$ 11,037,085	\$ 10,752,212	Current portion of bonds payable	\$ 2,020,000	\$ 1,955,000	
Entrance fee deposits	499,768	435,276	Current portion of loans payable	385,996	281,656	
Accounts receivable, net	1,212,703	1,200,400	Accounts payable and accrued expenses	3,093,003	1,923,376	
Entrance fees receivable	3,128,613	2,351,046	Entrance fee deposits	503,268	438,776	
Prepaid expenses and other current assets	682,412	456,006	Total current liabilities	<u>6,002,267</u>	<u>4,598,808</u>	
Total current assets	<u>16,560,581</u>	<u>15,194,940</u>				
Investments	<u>22,743,572</u>	<u>22,140,862</u>	Annuities Payable	<u>503,539</u>	<u>424,210</u>	
Property and Equipment, at Cost			Bonds Payable, Net of Current Portion	<u>11,825,000</u>	<u>13,845,000</u>	
Land and improvements	4,745,187	4,745,187	Loans Payable, Net of Current Portion	<u>1,022,693</u>	<u>1,115,895</u>	
Buildings and improvements	65,647,831	63,524,571	Deferred Compensation	<u>50,764</u>	<u>34,363</u>	
Furniture, fixtures and equipment	4,778,098	4,310,885				
Vehicles	196,202	196,202	Refundable and Nonrefundable Entrance Fees			
Construction in progress	<u>2,016,605</u>	<u>322,802</u>	Entrance fees refunds payable	27,319,128	28,301,702	
	77,383,923	73,099,647	Nonrefundable deferred fees, net	<u>21,134,219</u>	<u>18,499,875</u>	
Less accumulated depreciation	<u>38,674,784</u>	<u>35,668,983</u>	Total refundable and nonrefundable deferred entrance fees	<u>48,453,347</u>	<u>46,801,577</u>	
Net property and equipment	<u>38,709,139</u>	<u>37,430,664</u>				
Other Assets			Interest Rate Swap Obligation	<u>421,336</u>	<u>622,037</u>	
Deferred costs, net of accumulated amortization	266,373	310,193	Total liabilities	<u>68,278,946</u>	<u>67,441,890</u>	
Deferred compensation investments	50,764	34,363				
Beneficial interest in perpetual trusts	1,969,094	1,937,638	Net Assets			
Investment in Limited Partnership	25,000	-	Unrestricted	9,048,270	6,766,319	
Pledges receivable	85,448	85,448	Temporarily restricted	768,310	652,485	
Other receivables	24,648	34,223	Permanently restricted	<u>2,339,093</u>	<u>2,307,637</u>	
Total other assets	<u>2,421,327</u>	<u>2,401,865</u>	Total net assets	<u>12,155,673</u>	<u>9,726,441</u>	
Total Assets	<u>\$ 80,434,619</u>	<u>\$ 77,168,331</u>	Total Liabilities and Net Assets	<u>\$ 80,434,619</u>	<u>\$ 77,168,331</u>	

The accompanying notes are an integral part of the consolidated financial statements

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>As Adjusted (Note 2) 2013</u>
Unrestricted Net Assets		
Revenues, gains and other support:		
Health center patients, net of contractals	\$ 6,845,625	\$ 7,119,641
Assisted living services	3,421,663	3,139,234
Resident services	10,360,415	10,003,438
Home health revenue	1,378,920	1,127,706
Seabury at Home revenue	359,494	306,788
Amortization of nonrefundable deferred fees	2,164,380	1,994,692
Investment income	2,034,870	854,510
Other income	822,227	544,510
Contributions and gifts	52,108	74,976
Total revenues, gains and other support	<u>27,439,702</u>	<u>25,165,495</u>
Expenses:		
Medical and other resident care	7,986,022	7,635,405
General and administrative	8,146,528	7,707,858
Dietary	2,646,351	2,566,932
Repairs and maintenance	2,447,411	2,719,503
Housekeeping and laundry	638,695	614,533
Interest expense, net	568,006	648,070
Depreciation and amortization	3,049,622	2,876,780
Total expenses	<u>25,482,635</u>	<u>24,769,081</u>
Income from operations	1,957,067	396,414
Other changes in unrestricted net assets:		
Change in net unrealized gain on investments	116,683	1,268,555
Net assets released from restrictions	7,500	24,452
Change in interest rate swap obligation	200,701	448,001
Increase in unrestricted net assets	<u>2,281,951</u>	<u>2,137,422</u>
Temporarily Restricted Net Assets		
Contributions and gifts	6,311	23,787
Change in net unrealized gain on investments	117,014	114,153
Net assets released from restrictions	(7,500)	(24,452)
Increase in temporarily restricted net assets	<u>115,825</u>	<u>113,488</u>
Permanently Restricted Net Assets		
Change in interest in perpetual trusts	<u>31,456</u>	<u>69,433</u>
Change in Net Assets	2,429,232	2,320,343
Net Assets - Beginning of Year	<u>9,726,441</u>	<u>7,406,098</u>
Net Assets - End of Year	<u>\$ 12,155,673</u>	<u>\$ 9,726,441</u>

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>As Adjusted (Note 2) 2013</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 2,429,232	\$ 2,320,343
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Proceeds from entrance fees, net of refunds	3,816,150	6,090,037
Depreciation and amortization	3,049,622	2,876,780
Change in interest rate swap obligation	(200,701)	(448,001)
Amortization of nonrefundable deferred fees	(2,164,380)	(1,994,692)
Change in net unrealized gain on investments	(233,697)	(1,382,708)
Change in interest in perpetual trusts	(31,456)	(69,433)
Discount on purchase of property and equipment	(251,943)	-
Loss on disposal of assets	-	185,539
(Increase) decrease in operating assets:		
Entrance fee deposits	(64,492)	14,547
Accounts receivable and pledges receivable	(12,303)	(206,329)
Entrance fees receivable	(777,567)	(805,894)
Prepaid expenses and other current assets	(226,406)	(222,374)
Other receivables	9,575	(34,223)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	1,169,633	(10,797)
Future service obligation	-	(94,903)
Entrance fee deposits	64,492	(14,547)
Annuities payable	79,329	(17,196)
Net cash provided by operating activities	<u>6,655,088</u>	<u>6,186,149</u>
Cash Purchases from Investing Activities		
Purchases of investments, net	(394,014)	(249,809)
Purchases of property and equipment	(3,684,307)	(2,693,877)
Proceeds from sale of property and equipment	-	143,125
Net cash used in investing activities	<u>(4,078,321)</u>	<u>(2,800,561)</u>
Cash Flows from Financing Activities		
Principal payment on debt	(2,291,894)	(2,156,723)
Net cash used in financing activities	<u>(2,291,894)</u>	<u>(2,156,723)</u>
Net Increase in Cash and Cash Equivalents	284,873	1,228,865
Cash and Cash Equivalents - Beginning of Year	<u>10,752,212</u>	<u>9,523,347</u>
Cash and Cash Equivalents - End of Year	<u>\$ 11,037,085</u>	<u>\$ 10,752,212</u>

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION

Church Home of Hartford Incorporated (the Company) is a Connecticut nonstock, tax-exempt organization that has provided housing with support services for the elderly in the Hartford area since 1876. The Company, which is affiliated with the Episcopal Diocese of Connecticut, currently operates a health center and independent living community (Seabury). As of September 30, 2014 and 2013, Seabury consisted of 193 and 196 independent living units, respectively, 27 congregate living units, 22 residential care home beds and 60 skilled nursing beds.

Seabury Memory Care Center, Inc., d/b/a Seabury Meadows (the Meadows) operates a healthcare facility, the Meadows, consisting of 44 assisted living dementia beds and 14 residential care home beds. Overall occupancy levels at Seabury and Seabury Memory Care Center for the years ended September 30, 2014 and 2013, are as follows:

	<u>2014</u>	<u>2013</u>
Seabury		
Independent living	97%	95%
Congregate living	95%	96%
Residential care home	85%	85%
Skilled nursing care	93%	95%
Seabury Memory Care Center		
Assisted living	98%	98%
Residential care home	96%	97%

The Meadows is a nonstock, tax-exempt organization and is a separate legal entity from the Company. Since the Company is the sole member of the Meadows, the assets, liabilities and activities of the Meadows have been consolidated with those of the Company in the accompanying consolidated financial statements.

In May 1996, the Company formed Seabury Charitable Foundation, Inc. (the Foundation). The Foundation is incorporated under the Nonstock Corporation Act of the State of Connecticut and is a separate legal entity from the Company. The purpose of the Foundation is to operate exclusively for the benefit of, to perform the functions of and to further the charitable purposes and mission of the Company, the Meadows and Seabury At Home Incorporated (Seabury At Home). As the Company is the sole member and beneficiary of the Foundation, the activities of the Foundation have been consolidated with those of the Company in the accompanying consolidated financial statements. All significant transactions between the Company and the Foundation have been eliminated.

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION (Continued)

In March 2006, the Company formed Seabury At Home, which began operations in 2008. Seabury At Home is incorporated under the Nonstock Corporation Act of the State of Connecticut and is a separate legal entity from the Company. The purpose of Seabury At Home is to sponsor, initiate, develop, operate and maintain facilities and programs for the delivery of health care, personal care and support services to the elderly designed to promote and extend opportunities for independent living and personal health. As the Company is the sole member and beneficiary of Seabury At Home, the activities of Seabury At Home have been consolidated with those of the Company in the accompanying consolidated financial statements. All significant transactions between the Company and Seabury At Home have been eliminated.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Accounting Pronouncement - In 2012, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2012-01, *Continuing Care Retirement Communities-Refundable Advance Fees* (ASU 2012-01). ASU 2012-01 requires that refundable entrance fees be accounted for as a liability on a company's books and only permits amortization of those fees into revenue under certain circumstances. Application of ASU 2012-01 as of October 1, 2012 and for the year ended September 30, 2013 impacted the following financial statement line items:

Changes in the consolidated statement of activities and changes in net assets for the year ended September 30, 2013 were as follows:

	<u>As Computed prior to ASU 2012-01</u>	<u>As Reported under ASU 2012-01</u>	<u>Effect of Change</u>
Unrestricted Revenues			
Amortization of entrance fees	\$ 2,871,039	\$ 1,994,692	\$ (876,347)
Income from Operations	1,272,761	396,414	(876,347)
Increase in Unrestricted Net Assets	3,013,769	2,137,422	(876,347)
Change in Net Assets	3,196,690	2,320,343	(876,347)
Net Assets - Beginning of Year	14,910,721	7,406,098	(7,504,623)
Net Assets - End of Year	18,107,411	9,726,441	(8,380,970)

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in the consolidated statement of financial position as of September 30, 2013 were as follows:

	<u>As Computed prior to ASU 2012-01</u>	<u>As Reported under ASU 2012-01</u>	<u>Effect of Change</u>
Refundable and Nonrefundable			
Deferred Entrance Fees	\$ 38,420,607	\$ 46,801,577	\$ 8,380,970
Net Assets			
Unrestricted	15,147,289	6,766,319	(8,380,970)

Changes in the consolidated statement of cash flows for the year ended September 30, 2013 would be as follows:

	<u>As Computed prior to ASU 2012-01</u>	<u>As Reported under ASU 2012-01</u>	<u>Effect of Change</u>
Change in Net Assets	\$ 3,196,690	\$ 2,320,343	\$ (876,347)
Amortization of Entrance Fees	(2,871,039)	(1,994,692)	876,347

Basis of Presentation - In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Company, the accounts are maintained on the accrual basis of accounting, and, accordingly, the accounts are recorded in the following net asset categories:

Unrestricted Net Assets - Unrestricted net assets represent resources that may be expended at the direction of the Board of Directors.

Temporarily Restricted Net Assets - Temporarily restricted net assets represent contributions that are restricted by the donor either as to purpose or as to time of expenditure and are to be used to support various operating activities. They also include accumulated investment earnings on permanently restricted investments that have not been appropriated for expenditure.

Permanently Restricted Net Assets - Permanently restricted net assets represent resources that have donor-imposed restrictions that require that the principal be maintained in perpetuity but permit the Company to expend the income earned thereon to support operational activities. These permanently restricted net assets include the Company's beneficial interest in perpetual trusts of \$1,969,093 and \$1,937,637 at September 30, 2014 and 2013, respectively, and an endowment of \$370,000 for each of the years ended September 30, 2014 and 2013.

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Financial statement areas where management applies the use of estimates consist primarily of allowance for doubtful accounts receivable, useful lives of property and equipment, amortization of nonrefundable deferred fees (see Note 4), accrued expenses and annuities payable. It is management's opinion that the estimates applied in the accompanying consolidated financial statements are reasonable.

Cash and Cash Equivalents - Cash equivalents include cash and highly liquid investments purchased with an original maturity of three months or less.

Accounts Receivable - Accounts receivable are considered delinquent and written off when all attempts to collect from individuals or other payor sources have been exhausted. Management maintains an allowance for doubtful accounts of \$138,049 and \$162,832 at September 30, 2014 and 2013, respectively, which is based on a review of significant balances and past experience.

Investment Valuation and Income Recognition - Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for a discussion of fair value measurements. Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Unrealized gain (loss) on investments includes the Company's gains and losses on investments bought and sold as well as held during the year.

Realized and unrealized gains and losses and investment income on donor-restricted endowment assets are classified as increases or decreases in temporarily restricted net assets until appropriated for expenditure. The Company adopted a policy to review, for potential adjustment to cost, any investment that has decreased from cost to market by greater than 25% for a period of nine months or longer. No adjustments were necessary for the fiscal years ended September 30, 2014 and 2013. Refer to Note 5 for further detail on investments as of September 30, 2014 and 2013.

Property and Equipment - Depreciation of property and equipment is provided using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	10-30 years
Furniture, fixtures and equipment	3-20 years
Vehicles	4 years

Expenditures for maintenance and repairs are charged to operations as incurred. Expenditures in excess of \$2,500 for renewals and betterments are capitalized.

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest Rate Swap Agreements - The Company has a swap agreement with TD Bank with a notional amount of \$21,000,000 to fix the Series A bonds at a rate of 3.335%. The agreement meets the criteria necessary to qualify as an effective hedge, and the Company has reflected the swap agreement in the accompanying consolidated financial statements at the current market value based on the bank's floating interest rate in effect at September 30, 2014 and 2013, as compared to the fixed rate. The resulting change in the fair value of the swap agreement of \$200,701 and \$448,001 for the years ended September 30, 2014 and 2013, respectively, is reflected in the accompanying consolidated statements of activities and changes in net assets as change in interest rate swap obligation. See Note 3 for further information.

Contributions - Contributions are defined as voluntary, nonreciprocal transfers. Unrestricted and unconditional contributions are recognized as support when received or pledged, if applicable. Contributions are reported as temporarily restricted support if they are received with donor stipulations that limit the use of such assets. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions due to satisfaction of restrictions.

Health Center Revenue - Patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered. Rates charged for services rendered, other than private pay patients, are regulated by Medicaid, Medicare and other government programs.

Revenue under third-party payor agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payor settlements are provided for in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement. Management believes that all applicable government reimbursement principles have been properly applied and that no material adjustments will occur as a result of an audit.

Health Care Services - Memory Care - This revenue represents revenue from services provided to the Meadows by Seabury employees. This amount is eliminated in the consolidated totals.

Services to Seabury At Home, Incorporated - This revenue represents revenue from services provided to Seabury At Home by Seabury employees. This amount is eliminated in the consolidated totals.

Operating Reserve - The State of Connecticut Department of Social Services (DSS) monitors Connecticut retirement communities and their compliance with existing state regulations. Among other things, DSS requires that retirement communities maintain an operating reserve equal to approximately one month's cash operating costs. The Company maintained an adequate operating reserve as of September 30, 2014 and 2013.

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Charitable Reserve - Pursuant to the agreed settlement with the State of Connecticut for the addition of 30 skilled nursing beds during fiscal 1996, the Company was required to segregate \$500,000 of its investments in a contingency fund account restricted to provide for the expenses of the continuum of care to be made available to private payor health center residents of Seabury that may not be covered by the residents' assets. This amount was increased by \$100,000 in each fiscal year through the fiscal year ended September 30, 2001 so that the reserve at September 30, 2014 and 2013, is in excess of the required \$1,000,000. This amount is included in unrestricted net assets in the accompanying consolidated statements of financial position.

Beneficial Interest in Perpetual Trusts - The Company is the beneficiary of several trust funds. Although the principal balances in the trust funds are permanently restricted, the income earned on the trust funds is unrestricted. The income is used for general expenses to maintain and operate the facilities. For the fiscal years ended September 30, 2014 and 2013, \$98,389 and \$85,878, respectively, is included in unrestricted investment income. Changes in market value for the Company's portion of the trusts were \$31,456 and \$69,433 for the years ended September 30, 2014 and 2013, respectively.

Charitable Gift Annuity - The Foundation is the recipient of charitable gift annuities. Under the terms of the charitable gift annuity agreement with the individual donors, the Foundation is required to make quarterly payments to the donors over their remaining life. The proceeds from the gifts are unrestricted and are recognized as revenue to the extent that the fair market value of a gift on the date of receipt exceeds the present value of the estimated future annuity payments. During the fiscal years ended September 30, 2014 and 2013, the Foundation recognized \$65,000 and \$45,023, respectively, in unrestricted contribution and gift revenue related to these gifts. The present value of the estimated future annuity payments is reflected as an annuity payable in the accompanying consolidated statements of financial position. During 2014 and 2013, the Foundation's liability for annuities payable was increased by approximately \$83,000 and \$63,000, respectively, representing the estimated future liability related to donors whose original liability had reached \$-0- based on actuarial assumptions when the gift was first received but who were still receiving payments at September 30, 2014 and 2013.

Income Taxes - The Company and its subsidiaries are tax-exempt under Section 501(c)(3) of the Internal Revenue Code and are not subject to federal or state income taxes. The Company's informational and tax returns for the years ended September 30, 2011 through 2014 are subject to examination by the Internal Revenue Service and the State of Connecticut.

Reclassifications - Certain amounts in the 2013 consolidated financial statements have been reclassified to conform to the current year's presentation.

Subsequent Events - In preparing these consolidated financial statements, management has evaluated subsequent events through January 2, 2015, which represents the date the consolidated financial statements were available to be issued.

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets (liabilities) measured at fair value:

Fixed Income and Equity Mutual Funds - Fixed income and equity mutual funds are valued at the quoted net asset value of shares held by the Company at year end.

Common and Preferred Stocks, Exchange Traded Funds, and U.S. Government Securities - These items are valued at the closing price reported in the active market in which the individual securities are traded.

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)

Corporate Bonds - Certain corporate bonds are valued at the closing price reported in the active market in which the individual securities are traded. Other corporate bonds are valued based on yields currently available on comparable securities of issuers with similar durations and credit ratings.

Beneficial Interest in Perpetual Trusts - Beneficial interest in perpetual trusts held by third parties are valued at the present value of the future distributions expected to be received over the term of the agreement, which is measured by the fair values of the underlying assets. The Company cannot access assets in the trust.

Interest Rate Swaps - Interest rate swaps are valued using both observable and unobservable inputs, such as quotations received from the counterparty, dealers or brokers, whenever available and considered reliable. In instances where models are used, the value of the interest rate swap depends upon the contractual terms of, and specific risks inherent in, the instrument as well as the availability and reliability of observable inputs. Such inputs include market prices for reference securities, yield curves, credit curves, measures of volatility, prepayment rate assumptions for nonperformance risk, and correlations of such inputs.

Investment in Limited Partnership - Investment in Limited Partnership is valued at cost. Based on the current status of the Limited Partnership, management believes cost approximates fair value.

There have been no changes in the methodologies used at September 30, 2014 and 2013.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)

The following tables set forth by level, within the fair value hierarchy, the Company's assets (liabilities) at fair value as of September 30, 2014 and 2013:

Description	September 30, 2014	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Cash equivalents	\$ 2,198,632	\$ 2,198,632	\$ -	\$ -
Fixed income mutual funds	3,060,287	3,060,287	-	-
U.S. Government securities	1,276,914	1,276,914	-	-
Corporate bonds	224,987	-	224,987	-
Equity mutual funds	3,065,654	3,065,654	-	-
Common stocks	12,917,098	12,917,098	-	-
Total investments	22,743,572	22,518,585	224,987	-
Investment in Limited Partnership	25,000	-	-	25,000
Beneficial interest in perpetual trusts	1,969,094	-	-	1,969,094
Interest rate swap	(421,336)	-	-	(421,336)

Description	September 30, 2013	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Cash equivalents	\$ 3,116,403	\$ 3,116,403	\$ -	\$ -
Fixed income mutual funds	2,559,308	2,559,308	-	-
U.S. Government securities	1,963,479	1,963,479	-	-
Corporate bonds	1,023,194	-	1,023,194	-
Equity mutual funds	3,871,838	3,871,838	-	-
Common stocks	9,606,640	9,606,640	-	-
Total investments	22,140,862	21,117,668	1,023,194	-
Beneficial interest in perpetual trusts	1,937,638	-	-	1,937,638
Interest rate swap	(622,037)	-	-	(622,037)

There were no transfers between levels of investments during the years ended September 30, 2014 and 2013.

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)

Assets Measured at Fair Value on a Recurring Basis Using Significant Unobservable Inputs (Level 3) - The following is a summary of the changes in the balances of assets measured at fair value on a recurring basis using significant unobservable inputs:

	<u>Beneficial Interest In Perpetual Trusts</u>	<u>Investment in Limited Partnership</u>
Balance - September 30, 2012	\$ 1,868,205	\$ -
Total gains (realized and unrealized) included in the change in net assets - 2013	<u>69,433</u>	<u>-</u>
Balance - September 30, 2013	1,937,638	-
Purchases	-	25,000
Total gains (realized and unrealized) included in the change in net assets - 2014	<u>31,456</u>	<u>-</u>
Balance - September 30, 2014	<u>\$ 1,969,094</u>	<u>\$ 25,000</u>

The following is a summary of the changes in the balances of interest rate swap agreements measured at fair value on a recurring basis using significant unobservable inputs:

	<u>Interest Rate Swap</u>
Balance - September 30, 2012	\$ (1,070,038)
Change in interest rate swap obligation	<u>448,001</u>
Balance - September 30, 2013	(622,037)
Change in interest rate swap obligation	<u>200,701</u>
Balance - September 30, 2014	<u>\$ (421,336)</u>

Financial Instruments Not Measured at Fair Value - The carrying amounts of cash, accounts receivable, accounts payable and accrued expenses approximate their fair value because of the short-term nature of these instruments.

The fair value of bonds and loans payable as of September 30, 2014 and 2013, approximates the total outstanding principal balance.

There have been no changes in the methodologies used at September 30, 2014 and 2013.

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - LIFE CARE AGREEMENT

A life care agreement is signed by all residents of Seabury and all enrollees of Seabury At Home. Some of the principal terms and conditions of the Seabury agreement are as follows:

In consideration for the resident's payment of a life care entrance fee, the Company agrees to furnish to the resident a living unit in the residence complex for his or her personal use and occupancy for the balance of the resident's lifetime unless sooner terminated under the provisions of the agreement. If the agreement includes two persons, the term "resident" shall include both persons, and on the death of one all rights pass to, and are retained by, the survivor for the survivor's lifetime. The life care agreements vary in terms of refund policy and monthly service fees.

An agreed-upon payment schedule for full payment of the life care entrance fee is obtained from the resident prior to occupancy. The fee consists of a refundable and nonrefundable portion. The refundable portion varies depending upon which of the five contract plans is selected. Three of these plans are full life care and two plans are non-life care. Of the three life care plans, two offer a declining refund at 2% per month and another plan offers a fixed 67% refund of the original life care entrance fee. The non-life care plans offer an 85% or 95% refund, respectively, of the original life care entrance fees if the occupant never resides in the nursing home facility. If the resident enters the nursing facility, the refundable amount is reduced by the nursing facility's standard daily private pay rate. Under the resident agreements of these five plans, amounts are refundable after the living unit is reoccupied and the new life care entrance fee is paid in full.

As discussed in Note 2 - New Accounting Pronouncement, the 67%, 85% and 95% refundable portions of the life care entrance fee are deferred. All currently held refundable amounts, including those already amortized into income during 2013 and years prior, are shown as a liability in the consolidated statements of financial position. The 33%, 15% and 5% nonrefundable portions of the life care entrance fee and the entire entrance fee for those who select a plan that offers the declining refund at 2% per month are amortized into income over the residents' actuarially determined remaining lives as calculated by the Company's actuaries.

For the duration of the resident's lifetime or until termination of the agreement, the Company agrees to furnish to the resident ample and healthful food, medical facilities, utility services, use of the community facilities and other personal services according to the terms and conditions specified in the residence agreement. In return, the resident agrees to pay the Company a monthly residence fee. The monthly residence fee may be increased or decreased at the sole discretion of the Board of Directors on 60 days written notice.

The Company also provides medical facilities and nursing care in the health center. Costs incurred in providing this care are paid for by residents through the continuing payment of monthly service fees per the residence agreement. Residents without a life care agreement pay for nursing services based upon established per diem rates.

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - LIFE CARE AGREEMENT (Continued)

Some of the principal terms and conditions of the Seabury At Home agreement are as follows:

An agreed-upon payment schedule for full payment of the life care entrance fee is obtained from the resident prior to enrollment. The fee consists of a refundable and nonrefundable portion. The refundable portion varies depending upon which of the six contract plans is selected. Five plans offer a declining refund at 2% per month and the sixth plan offers a fixed 90% refund of the original life care entrance fee. Within the five declining refund contracts, two offer 100% coverage of home and facility based care, including assisted living and skilled nursing services, one offers a 30% co-pay option for these services, one offers 100% coverage of home-based care, and the final contract offers a 50% co-pay option for home-based care. The 90% refund of original life care entrance fee contract offers 100% coverage of home and facility-based care, including assisted living and skilled nursing services. Under the resident agreements of these five plans, amounts are refundable after the individual has terminated their agreement. The 90% refundable portion of the life care entrance fee is shown as a liability in the consolidated statements of financial position. The 10% nonrefundable portion of the life care entrance fee and the entire entrance fee for those who select the plan that offers the declining refund at 2% per month are amortized into income over the residents' actuarially determined remaining life as calculated by the Company's actuaries.

If a resident with a declining refund of 2% per month transfers from Seabury At Home to Seabury, 100% of their original Seabury At Home entrance fee is transferred to Seabury and credited as a reduction to their Seabury entrance fee. Any historic amortization taken on this previously nonrefundable entrance fee is reversed in the year the transfer occurs.

For the duration of the resident's lifetime, or until termination of the agreement, the Company agrees to furnish to the resident use of the community facilities and other personal services according to the terms and conditions specified in the residence agreement. In return, the resident agrees to pay the Company a monthly fee. The monthly fee may be increased or decreased at the sole discretion of the Board of Directors on 60 days written notice.

As noted above, the Company also provides medical facilities and nursing care in the health center. Costs incurred in providing this care are paid for by enrollees through the continuing payment of monthly service fees per the agreement as well as a deductible as noted in the agreement, if applicable.

The Company's actuaries annually calculate the present value of the net cost of future services and use of facilities to be provided to current residents of Seabury and enrollees of Seabury At Home and compare that amount to the balance of refundable and nonrefundable deferred entrance fees. If the present value of the net cost of future services and use of facilities exceeds the refundable and nonrefundable deferred entrance fees, a liability is recorded with a corresponding charge to income. As of September 30, 2014 and 2013, no such obligation existed for Seabury and Seabury At Home.

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 - INVESTMENTS

Fair values of investments as of September 30, 2014 and 2013, are summarized as follows:

	<u>2014</u>	<u>2013</u>
Investments:		
Cash equivalents	\$ 2,198,632	\$ 3,116,403
Fixed income mutual funds	3,060,287	2,559,308
Government bonds	1,276,914	1,963,479
Corporate bonds	224,987	1,023,194
Equity mutual funds	3,065,654	3,871,838
Individual securities	12,917,098	9,606,640
Total endowment investments	<u>22,743,572</u>	<u>22,140,862</u>
Investment in Limited Partnership	<u>25,000</u>	<u>-</u>
	<u>\$ 22,768,572</u>	<u>\$ 22,140,862</u>

The underlying subscription agreement for the Company's Investment in Limited Partnership allows for a maximum commitment of \$250,000.

Investment income on cash and cash equivalents, perpetual trusts and investments is comprised of the following for the years ended September 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Interest and dividend income from investments	\$ 344,392	\$ 386,899
Net realized gain on sales of investments	1,592,089	381,733
Income from investments	<u>1,936,481</u>	<u>768,632</u>
Interest and dividend income from perpetual trusts	<u>98,389</u>	<u>85,878</u>
Total Investment Income	<u>\$ 2,034,870</u>	<u>\$ 854,510</u>

NOTE 6 - LINE OF CREDIT

Beginning in June 2013, the Meadows has available \$1,000,000 under the terms of a working capital line-of-credit arrangement with Simsbury Bank, expiring in June 2015. Any portion of the line may be termed out for a 3- to 5-year period and would fully amortize over the term. The balance of the line would remain in effect. The line of credit bears interest at prime rate plus 0.5% with a floor of 3.75% (3.75% at September 30, 2014). The credit line is collateralized by substantially all assets of the Meadows. As of September 30, 2014, there were no amounts drawn on this line of credit.

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - LONG-TERM DEBT

Long-term debt as of September 30, 2014 and 2013, is summarized as follows:

	<u>2014</u>	<u>2013</u>
Connecticut Health and Educational Facilities Authority Revenue Bonds (Seabury Retirement Community, Series Note A) dated December 23, 2010, \$21,000,000 original principal amount, maturing December 2020, with monthly payments of principal and interest at a fixed rate of 3.335% through an interest rate swap instrument.	\$ 13,845,000	\$ 15,800,000
Simsbury Bank loan, for the refinancing of the Meadows, dated March 28, 2008, \$2,700,000 original principal amount, based on a 10-year amortization schedule. Interest is paid monthly at a rate of 5.46%. Monthly principal and interest payments are \$29,249 through March 28, 2018.	1,115,895	1,397,551
Connecticut Light & Power interest free loans with total original principal amounts totaling \$348,032. Monthly principal payments are \$7,381 through July 2018.	292,794	-
	15,253,689	17,197,551
Less current portion	(2,405,996)	(2,236,656)
Net Long-Term Debt	<u>\$ 12,847,693</u>	<u>\$ 14,960,895</u>

The following is a schedule of long-term debt principal payments over the next five fiscal years and thereafter:

<u>Fiscal Year</u>	<u>CHEFA Revenue Bonds</u>	<u>Simsbury Bank</u>	<u>Connecticut Light & Power</u>
2015	\$ 2,020,000	\$ 297,425	\$ 88,571
2016	2,090,000	314,077	88,571
2017	2,170,000	331,662	88,571
2018	2,240,000	172,731	27,081
2019	2,315,000	-	-
Thereafter	3,010,000	-	-
	<u>\$ 13,845,000</u>	<u>\$ 1,115,895</u>	<u>\$ 292,794</u>

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - LONG-TERM DEBT

Under provisions of the CHEFA Bond agreement, substantially all revenues of the Company are pledged as collateral on the bonds.

Covenants - The Company, under provisions of the CHEFA Bond Agreement, is required to maintain a debt service coverage ratio and cash-to-debt ratio. In the opinion of management, the Company is in compliance with these covenants at September 30, 2014.

NOTE 8 - DEFERRED COSTS

Deferred costs as of September 30, 2014 and 2013, were as follows:

	<u>2014</u>	<u>2013</u>
Refinancing - 2008	\$ 27,304	\$ 27,304
Refinancing - 2010	410,905	410,905
Less accumulated amortization	<u>(171,836)</u>	<u>(128,016)</u>
	<u>\$ 266,373</u>	<u>\$ 310,193</u>

Amortization for each of the next five years is \$43,820.

NOTE 9 - RETIREMENT PLANS

The Company maintains a 403(b) defined contribution plan (the Plan). Employees are eligible to participate in the Plan after any year in which they work 1,000 hours. The Company matches employee contributions up to 3.5% of eligible employees' payroll for 2014 and 2013. Employees are fully vested in the Plan after three years of employment. Expenses for employer contributions recognized in fiscal 2014 and 2013 were approximately \$351,000 and \$193,000, respectively. Additionally, expenses for employer contributions for fiscal 2014 include a discretionary employer contribution totaling approximately \$104,000, which is also included in accounts payable and accrued expenses on the consolidated statements of financial position at September 30, 2014. No such discretionary employer contribution was made during 2013. The Company also maintains a nonqualified deferred compensation plan for a key employee that is included as an asset and as a corresponding liability in the consolidated statements of financial position, which totaled \$50,764 and \$34,363 at September 30, 2014 and 2013, respectively.

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - ENDOWMENT

The income earned on investments comprising the Company's donor-restricted endowment funds is designated by the donors to fund operations. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law - The Board of Directors of the Company has interpreted Connecticut Prudent Management of Institutional Funds Act (CTPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Company classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Company in a manner consistent with the standard of prudence prescribed by CTPMIFA. In accordance with CTPMIFA, the Company considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - ENDOWMENT (Continued)

The total endowment funds of the Company at September 30, 2014 and 2013, are as follows:

	Church Home of Hartford, Inc. Permanently Restricted Endowment Funds	Church Home of Hartford, Inc. Temporarily Restricted Endowment Funds	Church Home of Hartford, Inc. Board- Designated Endowment Funds	Seabury Charitable Foundation Board- Designated Endowment Funds	Seabury Memory Care, Inc. Board- Designated Endowment Funds	Total
Endowment net assets - September 30, 2012	\$ 370,000	\$ 505,050	\$ 13,624,965	\$ 5,455,820	\$ 552,511	\$ 20,508,346
Reclassifications	-	114,153	(114,153)	-	-	-
Investment return:						
Interest and dividends	-	-	229,966	142,910	5,911	378,787
Realized gains	-	-	223,477	187,639	-	411,116
Unrealized gains	-	-	1,043,422	339,286	-	1,382,708
Total investment return	-	-	1,496,865	669,835	5,911	2,172,611
Spending draws	-	-	(421,202)	(118,893)	-	(540,095)
Endowment net assets - September 30, 2013	370,000	619,203	14,586,475	6,006,762	558,422	22,140,862
Reclassifications	-	117,014	(117,014)	-	-	-
Investment return:						
Interest and dividends	-	-	278,589	143,497	4,453	426,539
Realized gains	-	-	1,299,805	292,284	-	1,592,089
Unrealized gains (losses)	-	-	(15,373)	249,070	-	233,697
Total investment return	-	-	1,563,021	684,851	4,453	2,252,325
Spending draws	-	-	(1,399,103)	(250,512)	-	(1,649,615)
Endowment Net Assets - September 30, 2014	\$ 370,000	\$ 736,217	\$ 14,633,379	\$ 6,441,101	\$ 562,875	\$ 22,743,572

The Company maintains a spending policy on board-restricted endowment funds, which limits the appropriation to up to 5% of the market value of endowment investment assets.

The Company maintains a spending policy on the earnings of donor-restricted funds in which the amount of funds to be appropriated will be determined annually as part of the budgeting process.

NOTE 11 - CASH FLOWS

Additional Cash Flow Information - The Organization paid cash for interest of \$573,439 and \$653,322 during the years ended September 30, 2014 and 2013, respectively.

Noncash Investing and Financing Activities - During the year ended September 30, 2014, the Organization purchased equipment with a fair value of \$599,975 by incurring interest free long term debt totaling \$348,032 and by receiving discounts totaling \$251,943 as an incentive to purchase the equipment.

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 - LEASE AGREEMENTS

The Company leases various types of office equipment and services. Lease expense was approximately \$133,000 for both 2014 and 2013. The approximate minimum future lease payments under noncancelable operating leases with a remaining term in excess of one year as of September 30, 2014 for each of the next five years is as follows:

2015	\$	177,000
2016		162,000
2017		150,500
2018		49,500
2019		48,000

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Independent Auditors' Report on Supplementary Information

To the Board of Directors
Church Home of Hartford Incorporated and Subsidiaries

We have audited the consolidated financial statements of Church Home of Hartford Incorporated and Subsidiaries as of and for the years ended September 30, 2014 and 2013, and our report thereon dated January 2, 2015, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating schedules of financial position and activities and changes in net assets as of and for the years ended September 30, 2014 and 2013, are presented for the purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
January 2, 2015

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
SEPTEMBER 30, 2014

ASSETS

	Church Home of Hartford Incorporated	Seabury Charitable Foundation, Inc.	Seabury Memory Care Center, Inc.	Seabury at Home Inc.	Eliminations	Total
Current Assets						
Cash and cash equivalents	\$ 2,554,611	\$ 141,355	\$ 1,459,341	\$ 6,881,778	\$ -	\$ 11,037,085
Entrance fee deposits	499,768	-	-	-	-	499,768
Accounts receivable, net	988,344	-	224,359	-	-	1,212,703
Accounts receivable, related party	830,027	-	-	-	(839,027)	-
Entrance fees receivable	1,426,376	-	-	1,702,237	-	3,128,613
Prepaid expenses and other current assets	632,218	11,461	35,418	3,315	-	682,412
Total current assets	<u>6,940,344</u>	<u>152,816</u>	<u>1,719,118</u>	<u>8,587,330</u>	<u>(839,027)</u>	<u>16,560,581</u>
Investments	<u>15,739,596</u>	<u>6,441,101</u>	<u>562,875</u>	<u>-</u>	<u>-</u>	<u>22,743,572</u>
Property and Equipment, at Cost						
Land and improvements	4,429,495	-	-	315,692	-	4,745,187
Buildings and improvements	61,137,534	-	3,983,612	526,085	-	65,647,831
Furniture, fixtures and equipment	4,523,519	-	226,468	28,111	-	4,778,098
Vehicles	196,202	-	-	-	-	196,202
Construction in progress	1,865,467	-	-	151,138	-	2,016,605
	72,152,217	-	4,210,080	1,021,625	-	77,383,923
Less accumulated depreciation	36,858,195	-	1,643,109	174,489	-	38,674,784
Net property and equipment	<u>35,294,022</u>	<u>-</u>	<u>2,567,971</u>	<u>847,146</u>	<u>-</u>	<u>38,709,139</u>
Other Assets						
Deferred costs, net of accumulated amortization	256,816	-	9,557	-	-	266,373
Deferred compensation investments	50,764	-	-	-	-	50,764
Beneficial interest in perpetual trusts	1,969,094	-	-	-	-	1,969,094
Investment in Limited Partnership	-	-	25,000	-	-	25,000
Loan receivable, related party	1,661,492	-	-	-	(1,661,492)	-
Pledges receivable	-	85,448	-	-	-	85,448
Other receivables	24,648	-	-	-	-	24,648
Total other assets	<u>3,962,814</u>	<u>85,448</u>	<u>34,557</u>	<u>-</u>	<u>(1,661,492)</u>	<u>2,421,327</u>
Total Assets	<u>\$ 61,936,776</u>	<u>\$ 6,679,365</u>	<u>\$ 4,884,521</u>	<u>\$ 9,434,476</u>	<u>\$ (2,500,519)</u>	<u>\$ 80,434,619</u>

LIABILITIES AND NET ASSETS

	Church Home of Hartford Incorporated	Seabury Charitable Foundation, Inc.	Seabury Memory Care Center, Inc.	Seabury at Home Inc.	Eliminations	Total
Current Liabilities						
Current portion of bonds payable	\$ 2,020,000	\$ -	\$ -	\$ -	\$ -	\$ 2,020,000
Current portion of loans payable	63,571	-	322,425	-	-	385,996
Accounts payable and accrued expenses	2,821,952	14,348	129,083	127,620	-	3,093,003
Accounts payable, related party	-	-	246,811	592,216	(839,027)	-
Entrance fee deposits	503,268	-	-	-	-	503,268
Total current liabilities	<u>5,408,791</u>	<u>14,348</u>	<u>698,319</u>	<u>719,836</u>	<u>(839,027)</u>	<u>6,002,267</u>
Annuities Payable	<u>-</u>	<u>503,539</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>503,539</u>
Bonds Payable, Net of Current Portion	<u>11,825,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,825,000</u>
Loans Payable, Net of Current Portion	<u>133,390</u>	<u>-</u>	<u>889,303</u>	<u>1,661,492</u>	<u>(1,661,492)</u>	<u>1,022,693</u>
Deferred Compensation	<u>50,764</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,764</u>
Refundable and Nonrefundable Entrance Fees						
Entrance fees refunds payable	21,949,899	-	-	2,369,229	-	27,319,128
Nonrefundable deferred fees, net	16,064,060	-	-	5,070,159	-	21,134,219
Total refundable and nonrefundable deferred entrance fees	<u>41,013,959</u>	<u>-</u>	<u>-</u>	<u>7,439,388</u>	<u>-</u>	<u>48,453,347</u>
Interest Rate Swap Obligation	<u>421,336</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>421,336</u>
Total liabilities	<u>58,853,240</u>	<u>517,887</u>	<u>1,587,622</u>	<u>9,820,716</u>	<u>(2,500,519)</u>	<u>68,278,946</u>
Net Assets						
Unrestricted	2,649	6,134,962	3,296,899	(386,240)	-	9,048,270
Temporarily restricted	741,794	26,516	-	-	-	768,310
Permanently restricted	2,339,093	-	-	-	-	2,339,093
Total net assets	<u>3,083,536</u>	<u>6,161,478</u>	<u>3,296,899</u>	<u>(386,240)</u>	<u>-</u>	<u>12,155,673</u>
Total Liabilities and Net Assets	<u>\$ 61,936,776</u>	<u>\$ 6,679,365</u>	<u>\$ 4,884,521</u>	<u>\$ 9,434,476</u>	<u>\$ (2,500,519)</u>	<u>\$ 80,434,619</u>

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
SEPTEMBER 30, 2013

ASSETS

	Church Home of Hartford Incorporated	Seabury Charitable Foundation, Inc.	Seabury Memory Care Center, Inc.	Seabury at Home Inc.	Eliminations	As Adjusted (Note 2) Total
Current Assets						
Cash and cash equivalents	\$ 3,573,654	\$ 53,002	\$ 1,158,481	\$ 5,965,075	\$ -	\$ 10,752,212
Entrance fee deposits	435,276	-	-	-	-	435,276
Accounts receivable, net	1,045,272	-	155,128	-	-	1,200,400
Accounts receivable, related party	406,727	-	-	-	(406,727)	-
Entrance fees receivable	1,272,231	-	-	1,078,815	-	2,351,046
Prepaid expenses and other current assets	418,889	-	33,543	3,574	-	456,006
Total current assets	<u>7,154,049</u>	<u>53,002</u>	<u>1,347,152</u>	<u>7,047,464</u>	<u>(406,727)</u>	<u>15,194,940</u>
Investments	15,575,678	6,006,762	558,422	-	-	22,140,862
Property and Equipment, at Cost						
Land and improvements	4,429,495	-	-	315,692	-	4,745,187
Buildings and improvements	59,190,970	-	3,800,916	526,685	-	63,524,571
Furniture, fixtures and equipment	4,135,992	-	146,783	28,111	-	4,310,885
Vehicles	196,202	-	-	-	-	196,202
Construction in progress	171,664	-	-	151,138	-	322,802
	<u>68,130,323</u>	<u>-</u>	<u>3,947,698</u>	<u>1,021,625</u>	<u>-</u>	<u>73,099,647</u>
Less accumulated depreciation	34,054,128	-	1,479,234	135,521	-	35,668,983
Net property and equipment	<u>34,076,195</u>	<u>-</u>	<u>2,468,364</u>	<u>886,103</u>	<u>-</u>	<u>37,430,664</u>
Other Assets						
Deferred costs, net of accumulated amortization	297,906	-	12,287	-	-	310,193
Deferred compensation investments	34,363	-	-	-	-	34,363
Beneficial interest in perpetual trusts	1,937,638	-	-	-	-	1,937,638
Loan receivable, related party	1,735,203	-	-	-	(1,735,203)	-
Pledges receivable	-	85,448	-	-	-	85,448
Other receivables	34,223	-	-	-	-	34,223
Total other assets	<u>4,039,333</u>	<u>85,448</u>	<u>12,287</u>	<u>-</u>	<u>(1,735,203)</u>	<u>2,401,865</u>
Total Assets	<u>\$ 60,845,255</u>	<u>\$ 6,145,212</u>	<u>\$ 4,386,225</u>	<u>\$ 7,933,569</u>	<u>\$ (2,141,930)</u>	<u>\$ 77,168,331</u>

LIABILITIES AND NET ASSETS

	Church Home of Hartford Incorporated	Seabury Charitable Foundation, Inc.	Seabury Memory Care Center, Inc.	Seabury at Home Inc.	Eliminations	As Adjusted (Note 2) Total
Current Liabilities						
Current portion of bonds payable	\$ 1,955,000	\$ -	\$ -	\$ -	\$ -	\$ 1,955,000
Current portion of loans payable	-	-	281,656	-	-	281,656
Accounts payable and accrued expenses	1,823,338	11,993	66,266	21,779	-	1,923,376
Accounts payable, related party	-	-	233,076	173,651	(406,727)	-
Entrance fee deposits	438,776	-	-	-	-	438,776
Total current liabilities	<u>4,217,114</u>	<u>11,993</u>	<u>580,998</u>	<u>195,430</u>	<u>(406,727)</u>	<u>4,598,808</u>
Annuities Payable	-	424,210	-	-	-	424,210
Bonds Payable, Net of Current Portion	<u>13,845,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,845,000</u>
Loans Payable, Net of Current Portion	<u>-</u>	<u>-</u>	<u>1,115,895</u>	<u>1,735,203</u>	<u>(1,735,203)</u>	<u>1,115,895</u>
Deferred Compensation	<u>34,363</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,363</u>
Refundable and Nonrefundable Entrance Fees						
Entrance fees refunds payable	26,384,905	-	-	1,916,797	-	28,301,702
Nonrefundable deferred fees, net	13,835,839	-	-	4,664,036	-	18,499,875
Total refundable and nonrefundable deferred entrance fees	<u>40,220,744</u>	<u>-</u>	<u>-</u>	<u>6,580,833</u>	<u>-</u>	<u>46,801,577</u>
Interest Rate Swap Obligation	<u>622,037</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>622,037</u>
Total liabilities	<u>58,939,258</u>	<u>436,203</u>	<u>1,696,893</u>	<u>8,511,466</u>	<u>(2,141,930)</u>	<u>67,441,890</u>
Net Assets						
Unrestricted	(1,026,420)	5,681,304	2,689,332	(577,897)	-	6,766,319
Temporarily restricted	624,780	27,705	-	-	-	652,485
Permanently restricted	2,307,637	-	-	-	-	2,307,637
Total net assets, as recited	<u>1,905,997</u>	<u>5,709,009</u>	<u>2,689,332</u>	<u>(577,897)</u>	<u>-</u>	<u>9,726,441</u>
Total Liabilities and Net Assets	<u>\$ 60,845,255</u>	<u>\$ 6,145,212</u>	<u>\$ 4,386,225</u>	<u>\$ 7,933,569</u>	<u>\$ (2,141,930)</u>	<u>\$ 77,168,331</u>

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Church Home of Hartford Incorporated				Seabury Charitable Foundation, Inc.			Seabury Memory Care Center, Inc.	Seabury at Home, Inc.		
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Total	Unrestricted	Unrestricted	Eliminations	Total
Revenues, Gains and Other Support											
Health center patients, net of contractals	\$ 6,955,680	\$ -	\$ -	\$ 6,955,680	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (110,055)	\$ 6,845,625
Health care services - Memory Care	2,506,410	-	-	2,506,410	-	-	-	-	-	(2,506,410)	-
Assisted living services	-	-	-	-	-	-	-	3,956,056	-	(534,393)	3,421,663
Resident services	10,360,415	-	-	10,360,415	-	-	-	-	-	-	10,360,415
Home health revenue	857,400	-	-	857,400	-	-	-	-	521,520	-	1,378,920
Seabury at Home revenue	-	-	-	-	-	-	-	-	378,975	(19,481)	359,494
Services to Seabury at Home, Inc.	774,254	-	-	774,254	-	-	-	-	-	(774,254)	-
Amortization of nonrefundable deferred fees	1,925,936	-	-	1,925,936	-	-	-	-	238,444	-	2,164,380
Investment income	1,627,211	-	-	1,627,211	401,549	-	401,549	6,110	-	-	2,034,870
Other income	775,482	-	-	775,482	112,390	-	112,390	83,133	34,292	(183,070)	822,227
Contributions and gifts	-	-	-	-	52,108	6,311	58,419	-	-	-	58,419
Contributions from the Seabury Charitable Foundation, Inc.	114,283	-	-	114,283	-	-	-	-	-	(114,283)	-
Net assets released from restrictions	-	-	-	-	7,500	(7,500)	-	-	-	-	-
Total revenues, gains and other support	25,897,071	-	-	25,897,071	573,547	(1,189)	572,358	4,045,299	1,173,231	(4,241,946)	27,446,013
Expenses											
Medical and other resident care	7,990,578	-	-	7,990,578	-	-	-	1,294,318	604,400	(1,903,274)	7,986,022
General and administrative	8,268,574	-	-	8,268,574	368,959	-	368,959	1,067,880	338,216	(1,897,101)	8,146,528
Dietary	2,456,320	-	-	2,456,320	-	-	-	434,544	-	(244,513)	2,646,351
Repairs and maintenance	2,259,595	-	-	2,259,595	-	-	-	257,179	-	(69,363)	2,447,411
Housekeeping and laundry	617,411	-	-	617,411	-	-	-	148,979	-	(127,695)	638,695
Interest expense, net	498,679	-	-	498,679	-	-	-	69,327	-	-	568,006
Depreciation and amortization	2,845,159	-	-	2,845,159	-	-	-	165,505	38,958	-	3,049,622
Total expenses	24,936,316	-	-	24,936,316	368,959	-	368,959	3,437,732	981,574	(4,241,946)	25,482,635
Income (Loss) from Operations	960,755	-	-	960,755	204,588	(1,189)	203,399	607,567	191,657	-	1,963,378
Change in Net Unrealized Gain on Investments	(132,387)	117,014	-	(15,373)	249,070	-	249,070	-	-	-	233,697
Change in Interest in Perpetual Trusts	-	-	31,456	31,456	-	-	-	-	-	-	31,456
Change in Interest Rate Swap Obligation	200,701	-	-	200,701	-	-	-	-	-	-	200,701
Change in Net Assets	1,029,069	117,014	31,456	1,177,539	453,658	(1,189)	452,469	607,567	191,657	-	2,429,232
Net Assets - Beginning of Year	(1,026,420)	624,780	2,307,637	1,905,997	5,681,304	27,705	5,709,009	2,689,332	(577,897)	-	9,726,441
Net Assets - End of Year	\$ 2,649	\$ 741,794	\$ 2,339,093	\$ 3,083,536	\$ 6,134,962	\$ 26,516	\$ 6,161,478	\$ 3,296,899	\$ (386,240)	\$ -	\$ 12,155,673

CHURCH HOME OF HARTFORD INCORPORATED AND SUBSIDIARIES
CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Church Home of Hartford Incorporated				Seabury Charitable Foundation, Inc.			Seabury Memory Care Center, Inc.	Seabury at Home, Inc.	Eliminations	As Adjusted (Note 2)
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Total	Unrestricted	Unrestricted		Total
Revenues, Gains and Other Support											
Health center patients, net of contractals	\$ 7,198,746	\$ -	\$ -	\$ 7,198,746	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (79,105)	\$ 7,119,641
Health care services - Memory Care	2,435,395	-	-	2,435,395	-	-	-	-	-	(2,435,395)	-
Assisted living services	-	-	-	-	-	-	-	3,737,338	-	(598,104)	3,139,234
Resident services	10,003,438	-	-	10,003,438	-	-	-	-	-	-	10,003,438
Home health revenue	835,971	-	-	835,971	-	-	-	-	291,735	-	1,127,706
Seabury at Home revenue	-	-	-	-	-	-	-	-	330,497	(23,709)	306,788
Services to Seabury at Home, Inc.	580,586	-	-	580,586	-	-	-	-	-	(580,586)	-
Amortization of nonrefundable deferred fees	1,821,675	-	-	1,821,675	-	-	-	-	173,017	-	1,994,692
Investment income	548,046	-	-	548,046	299,240	-	299,240	7,224	-	-	854,510
Other income	578,466	-	-	578,466	64,375	-	64,375	27,027	36,879	(162,237)	544,510
Contributions and gifts	-	-	-	-	71,082	23,787	94,869	-	-	-	94,869
Contributions from the Seabury Charitable Foundation, Inc.	132,232	-	-	132,232	-	-	-	-	-	(128,338)	3,894
Net assets released from restrictions	-	-	-	-	24,452	(24,452)	-	-	-	-	-
Total revenues, gains and other support	<u>24,134,555</u>	<u>-</u>	<u>-</u>	<u>24,134,555</u>	<u>459,149</u>	<u>(665)</u>	<u>458,484</u>	<u>3,771,589</u>	<u>832,128</u>	<u>(4,007,474)</u>	<u>25,189,282</u>
Expenses											
Medical and other resident care	7,635,979	-	-	7,635,979	-	-	-	1,249,546	450,989	(1,701,109)	7,635,405
General and administrative	8,032,416	-	-	8,032,416	282,393	-	282,393	1,036,394	194,182	(1,837,527)	7,707,858
Dietary	2,393,553	-	-	2,393,553	-	-	-	422,534	-	(249,155)	2,566,932
Repairs and maintenance	2,514,839	-	-	2,514,839	-	-	-	272,024	-	(67,360)	2,719,503
Housekeeping and laundry	610,299	-	-	610,299	-	-	-	131,014	-	(126,780)	614,533
Interest expense, net	563,785	-	-	563,785	-	-	-	84,285	-	-	648,070
Depreciation and amortization	2,679,801	-	-	2,679,801	-	-	-	157,445	39,534	-	2,876,780
Contributions to Church Home of Hartford Incorporated and Seabury Memory Care	-	-	-	-	25,543	-	25,543	-	-	(25,543)	-
Total expenses	<u>24,430,672</u>	<u>-</u>	<u>-</u>	<u>24,430,672</u>	<u>307,936</u>	<u>-</u>	<u>307,936</u>	<u>3,353,242</u>	<u>684,705</u>	<u>(4,007,474)</u>	<u>24,769,081</u>
Income from Operations	(296,117)	-	-	(296,117)	151,213	(665)	150,548	418,347	147,423	-	420,201
Change in Net Unrealized Gain on Investments	929,269	114,153	-	1,043,422	339,286	-	339,286	-	-	-	1,382,708
Change in Interest in Perpetual Trusts	-	-	69,433	69,433	-	-	-	-	-	-	69,433
Change in Interest Rate Swap Obligation	448,001	-	-	448,001	-	-	-	-	-	-	448,001
Change in Net Assets	1,081,153	114,153	69,433	1,264,739	490,499	(665)	489,834	418,347	147,423	-	2,320,343
Net Assets - Beginning of Year	<u>(2,107,573)</u>	<u>510,627</u>	<u>2,238,204</u>	<u>641,258</u>	<u>5,190,805</u>	<u>28,370</u>	<u>5,219,175</u>	<u>2,270,985</u>	<u>(725,320)</u>	<u>-</u>	<u>7,406,098</u>
Net Assets - End of Year	<u>\$ (1,026,420)</u>	<u>\$ 624,780</u>	<u>\$ 2,307,637</u>	<u>\$ 1,905,997</u>	<u>\$ 5,681,304</u>	<u>\$ 27,705</u>	<u>\$ 5,709,009</u>	<u>\$ 2,689,332</u>	<u>\$ (577,897)</u>	<u>\$ -</u>	<u>\$ 9,726,441</u>